

Your City, Seattle

Executive Department-Purchasing

Tomi H. Terao, Purchasing Agent
Charles Royer, Mayor

December 29, 1978
Ref: 2-779



HEAVY
FILE
747

1/4/79
Mary:
1/6 made
copy for
Fred
Jan 10

Mr. Joe Recchi,
Assistant Superintendent
Department of Lighting
City of Seattle

Subject: Hauling of Polychlorinated biphenyl (PCBs) Material

Dear Mr. Recchi:

We advertised and solicited bids from the private sector for hauling and disposal services in regard to PCBs for the purpose of supplanting a function heretofore performed by City Light using its own men and equipment.

Due to the acute consciousness these days of environmental protection, we had included a requirement in our Invitation that a successful bidder take out and maintain Environmental Impairment Liability insurance, which we know from our own research to cost approximately \$15,000 to \$20,000 per year. In addition, there was a requirement that the carrier likewise take out and maintain vehicular insurance which would not exclude pollution liability as a result of an accidental or sudden occurrence. The latter insurance is not expensive, but is included routinely in all Vehicle Liability policies.

Three bids were received with the low bid (based upon what we know to be an average load) in the amount of \$3,001.00 per load, exclusive of the cost for Environmental Impairment insurance.

It is our understanding that City Light's costs for performing this function with its own resources averages \$1,300 per trip, including two drivers. Notwithstanding the cost of Environmental Impairment Liability insurance, it is obvious that City Light can perform this function at a savings of 57% compared with the lowest commercial bidder.

With regard to Environmental insurance, none of the bidders included the cost of insurance in their quoted rates; in fact, two of the bidders had no knowledge of the import of such insurance, or the cost attached thereto when they devised their bids.

A review of City Light's storage facility and procedures in handling PCBs, and related equipment, indicates that there is little exposure to public liability except for those few (approximately five each year) capacitors which develop a leak while mounted on utility poles.

Page 1 of 2

Joe Recchi
Ref: 2-779
December 29, 1978

Page 2 of 2

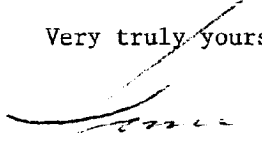
The main exposure seems to be in the event of a vehicular collision resulting in spillage of PCBs. Any liability arising therefrom would be covered by the City's Vehicle Fleet policy (subject, however, to a "deductible" of \$600,000 per occurrence).

To my knowledge, there is no record of accidents on previous trips. In addition, we are told that each capacitor contains an average of 3 quarts to 3 gallons of liquid PCB which could flow out in case of tank rupture, not a very large quantity.

What the City is not insured for would be possible adverse court ruling that a leak which was dribbled along the highway is not a sudden and accidental occurrence; likewise, the City is not insured against possible claims arising out of a leaking capacitor mounted on a utility pole. These events seem remote and unsevere enough that expenditure of \$15,000 to \$20,000 for insurance is questionable, to say the least.

It is my understanding that Mr. Mandapat and Mr. Young will seek a meeting with you next week. We would be pleased to discuss, at that time, other ramifications and variables in connection with the insurance and public liability.

Very truly yours,



TOMI H. TERAQ
Purchasing Agent

cw

CTY0069480

SEA315893